



INTERNATIONAL
OIL POLLUTION
COMPENSATION
FUNDS

Agenda item: 6	IOPC/OCT15/6/3		
Original: ENGLISH	6 August 2015		
1992 Fund Assembly	92A20	●	
1992 Fund Executive Committee	92EC65		
Supplementary Fund Assembly	SA11	●	

AMENDMENTS TO FINANCIAL REGULATIONS

Note by the Secretariat

Summary:	This document sets out proposed amendments to the Financial Regulations of the 1992 Fund and the Supplementary Fund in order to remove references to the 1971 Fund in Regulations 1, 10 and 13 and Annexes I and II to the Regulations. In the light of recent staff changes, it also sets out proposed changes to Regulation 9 of both sets of Financial Regulations relating to the management of monies.
Action to be taken:	<u>1992 Fund Assembly and Supplementary Fund Assembly</u> Approve the proposed amendments to Financial Regulations of the 1992 Fund and Supplementary Fund respectively to take into account the dissolution of the 1971 Fund and changes to Regulation 9 dealing with the management of monies.

1 Introduction

- 1.1 In connection with the dissolution of the 1971 Fund on 31 December 2014, the Director proposes removing references to the 1971 Fund in the Financial Regulations of the 1992 Fund and Supplementary Fund where they are no longer necessary. He also proposes changes to Regulation 9 dealing with the management of monies in the light of recent staff changes.
- 1.2 Proposed amendments to Financial Regulations 1, 10 and 13 and to Annexes I and II of the Regulations have been made to remove references to the 1971 Fund. Proposed changes to Regulation 9 relating to the management of monies are made in the light of recent staff changes. The proposed amendments to the Financial Regulations of the 1992 Fund are at the Annex.
- 1.3 It is proposed that the corresponding amendments also be made to the Financial Regulations of the Supplementary Fund.

2 Action to be taken

1992 Fund Assembly

- 2.1 The 1992 Fund Assembly is invited to approve the proposed amendments to Financial Regulations 1, 10 and 13 to take into account the dissolution of the 1971 Fund and changes to Regulation 9 dealing with the management of monies.

Supplementary Fund Assembly

- 2.2 The Supplementary Fund Assembly is invited to note the decision of the 1992 Fund Assembly in respect of amendments to the Financial Regulations of the 1992 Fund and approve the corresponding proposed amendments to Regulations 1, 10 and 13 of the Financial Regulations of the Supplementary Fund to take into account the dissolution of the 1971 Fund and changes to Regulation 9 dealing with the management of monies.

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ANNEX

FINANCIAL REGULATIONS OF THE INTERNATIONAL OIL POLLUTION COMPENSATION FUND 1992 ESTABLISHED UNDER THE 1992 FUND CONVENTION

(Proposed deletions are indicated by strikethrough of the text. New text is indicated in bold.)

Regulation 1

Definitions

~~1.3 The "1971 Fund" means the International Oil Pollution Compensation Fund, established pursuant to Article 2.1 of the 1971 Fund Convention.~~

The numbering of subsequent paragraphs under Regulation 1 will be changed to take into account the deletion of paragraph 1.3.

Regulation 9

Management of monies

9.2 The Director may authorise officers to act as signatories on behalf of the 1992 Fund in giving payment instructions. The 1992 Fund's bankers shall be empowered to accept payment instructions on behalf of the 1992 Fund when signed as follows:

- (a) for any sum up to £100 000, by any two officers from category A or B;
- (b) for any sum in excess of £100 000, by one officer from category A plus one officer from category A or B.

For the purposes of this Regulation, the categories are as follows:

Category A Director, Deputy Director/Head of the Finance and Administration Department and ~~Legal Counsel~~ **Head of External Relations and Conference Department**

Category B ~~Head of External Relations and Conference Department~~ Head of the Claims Department, **Legal Counsel** and Finance Manager

Further conditions in respect of the delegation of authority under this Regulation shall be laid down by the Director in Administrative Instructions.

Regulation 10

Investment of assets

10.3 The 1992 Fund shall have a joint Investment Advisory Body with ~~the 1971 Fund and the Supplementary Fund~~, whose members are appointed by the Assembly. The Body shall advise the Director in general terms on investment matters, in accordance with the mandate decided by the Assembly set out in Annex 1 to these Regulations.

10.4 The assets of the 1992 Fund shall be held and invested by the Director in accordance with Financial Regulation 10.1 and the following principles:

- (a) No change
- (b) No change

(c) No change

(d) the maximum investment in any bank or building society by the 1992 Fund, ~~the 1971 Fund~~ and the Supplementary Fund shall not together normally exceed £15 million or £20 million in respect to the Funds' house bank(s) or not normally exceed £25 million when the ~~three~~ **two** Funds' combined assets exceed £300 million;

(e) No change

Regulation 13

Audit Body

The 1992 Fund shall have a joint Audit Body with ~~the 1971 Fund and~~ the Supplementary Fund, whose members are appointed by the Assembly. The Audit Body shall report to the Assembly in accordance with the mandate set out in Annex II to these Regulations.

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ANNEX I TO FINANCIAL REGULATIONS OF THE INTERNATIONAL OIL POLLUTION
COMPENSATION FUND 1992 ESTABLISHED UNDER THE 1992 FUND CONVENTION

MANDATE OF THE JOINT INVESTMENT ADVISORY BODY OF THE 1992 FUND, ~~THE 1971 FUND~~ AND THE
SUPPLEMENTARY FUND

- 1 The Investment Advisory Body of the International Oil Pollution Compensation Funds ~~1971 and~~ 1992 and the International Oil Pollution Compensation Supplementary Fund is composed of three persons appointed by the Assembly of the International Oil Pollution Compensation Fund 1992 for three years.
- 2 The mandate of the Investment Advisory Body is:
 - (a) to advise the Director in general terms on investment matters;
 - (b) in particular, to advise the Director on the tenor of the Funds' investments and the suitability of institutions used for investment purposes;
 - (c) to draw the Director's attention to any developments which may justify a revision of the Funds' investment policy as laid down by the governing bodies; and
 - (d) to advise the Director on any other matters relevant to the Funds' investments.
- 3 The Body shall meet at least three times a year. The meetings shall be convened by the Director. Any member of the Body may request a meeting to be held. The Director, the **Deputy Director**/Head of the Finance and Administration Department and Finance Manager shall be present at the meetings.
- 4 The members of the Body shall be available for informal consultations with the Director in case of need.
- 5 The Body shall submit, through the Director, to each regular autumn session of the governing bodies, a report on its activities since the previous autumn sessions of the governing bodies.

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ANNEX II TO FINANCIAL REGULATIONS OF THE INTERNATIONAL OIL POLLUTION
COMPENSATION FUND 1992 ESTABLISHED UNDER THE 1992 FUND CONVENTION

COMPOSITION AND MANDATE OF THE JOINT AUDIT BODY OF THE 1992 FUND,
~~THE 1971 FUND AND THE SUPPLEMENTARY FUND~~

COMPOSITION

- 1 The members of the Audit Body shall perform their functions independently and in the interest of the Organisations as a whole and shall not receive any instructions from anyone, including their Governments.
- 2 The Audit Body shall be composed of seven members elected by the 1992 Fund Assembly: six named individuals nominated by 1992 Fund Member States and one named individual not related to the Organisations ('external expert') with expertise and experience in financial and audit matters, nominated by the Chairperson of the 1992 Fund Assembly. Nominations, accompanied by the curriculum vitae of the candidate, should be submitted to the Director in response to a call for nominations made by the Director. The Chairperson of the 1992 Fund Assembly will, in consultation with the Chairpersons ~~of the 1971 Fund Administrative Council and~~ of the Supplementary Fund Assembly, propose the name of one of the elected members of the Audit Body for consideration and approval by the governing bodies as Chairperson of the Audit Body.
- 3 Members of the Audit Body shall hold office for three years, once renewable. Should nominations for election to the Audit Body not be sufficient to fill vacancies at an election, existing members of the Audit Body having served two terms will be eligible for a once-only re-election, provided they are re-nominated by one or more 1992 Fund Member States. The external expert shall hold office for three years, twice renewable.
- 4 Travel and subsistence expenses of the members of the Audit Body shall be paid by the Organisations. The Assembly of the 1992 Fund will, from time to time, decide on the quantum of the honorarium paid to the six elected members and the fee paid to the external expert. The timing and method of payment will be agreed between the Audit Body and the Director.

MANDATE

- 5 The Audit Body shall:
 - (a) review the adequacy and effectiveness of the Organisations' management and financial systems, financial reporting, internal controls, operational procedures, risk management and related matters;
 - (b) promote the understanding and effectiveness of the audit function within the Organisations, and provide a forum to discuss matters referred to in (a) above and matters raised by the external audit;
 - (c) discuss with the External Auditor the nature and scope of each forthcoming audit and provide input to the development of the strategic audit plan;
 - (d) review the Organisations' Financial Statements and reports;
 - (e) consider all relevant reports by the External Auditor, including reports on the Organisations' Financial Statements, and make appropriate recommendations to the Funds' governing bodies;

(f) manage the process for the selection of the External Auditor; and

(g) undertake any other tasks or activities as requested by the Funds' governing bodies.

6 The Chairman of the Audit Body shall report on its work to each regular session of the 1992 Fund Assembly, ~~the 1971 Fund Administrative Council~~ and the Supplementary Fund Assembly.

7 Every three years the functioning of the Audit Body and its mandate shall be reviewed by the 1992 Fund Assembly, ~~the 1971 Fund Administrative Council~~ and the Supplementary Fund Assembly on the basis of an evaluation report from the Chairman of the Audit Body.
